

**Statement of
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**Before the
U.S. House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Railroads**

**Hearing on Amtrak Reform Proposal
September 21, 2005**

Mr. Chairman, Ranking Member Brown and members of the Subcommittee my name is Robert Scardelletti. I am the International President of the Transportation Communications International Union, AFL-CIO (TCU). The TCU is a Labor Organization that represents over 47,000 of America's working men and women. On Amtrak alone we represent over 8500 employees who perform work as clerks, Carmen, Supervisors and on-board service workers. I appreciate this opportunity to appear before you and to address the issue of Amtrak Reform.

Mr. Chairman, Amtrak is an essential component of our national transportation system and must be supported, not dismantled, privatized or starved into bankruptcy as some have suggested. In these difficult times for our transportation system, it is clear that passenger rail and Amtrak are vital to the health and security of our country. Our nation needs a variety of reliable modes of transportation for our citizens. For Americans who cannot drive or if flying is not an option, Amtrak serves as a vital link to friends and families.

Amtrak operates a nationwide rail network, serving over 500 stations in 46 states on 22,000 miles of track with approximately 20,000 employees. During fiscal year 2004, Amtrak carried just over 25 million passengers, representing an increase of over 4% compared to fiscal year 2003. In addition to operating 300 daily intercity trains, approximately 850,000 commuters each day depend on operating agreements with Amtrak, Amtrak-owned infrastructure or shared operations. Amtrak's Northeast Corridor is the heaviest traveled in North America, with over 1,700 trains operating over some portion of the Washington-Boston route each day. However, being dependent upon an annual federal appropriation that is never sufficient, Amtrak's national network is constantly threatened by under-investment, lack of a clearly articulated federal rail policy and an uncertain future. Simply stated, a national

passenger network is not an entity that can somehow “turn a profit”—instead it must be seen as an essential public service that needs and deserves federal financial support necessary to operate safely and efficiently.

To manage its operations, Amtrak needs stable, reasonable funding and strong, long term investment. Towards this end, the TCU salutes Chairman Don Young, Ranking Member Jim Oberstar, Railroads Subcommittee Chairman Steve LaTourette, Ranking Member Corrine Brown, and other members of the Committee for their support of H.R. 1630 and H.R. 1631, legislation that can provide Amtrak with the resources it needs to evolve into an efficient, modern national intercity passenger system. I hope that the full House will consider and pass these critical bills and I pledge TCU’s assistance in this effort.

But frantic efforts to reform Amtrak by ill-conceived privatization schemes or blaming Amtrak workers are simply not credible solutions.

Amtrak was created three decades ago with a simple goal in mind: to establish a modern, efficient intercity passenger railroad that can provide a truly national network of passenger transportation. The National Railroad Passenger Corporation

(Amtrak) was charged with operating and revitalizing intercity passenger rail service and integrating such service into our national transportation system because it was clear in the late 1960's that private freight carriers were unable and unwilling to sustain the severe financial losses associated with operating passenger rail service. This history must be kept in mind as the debate continues about "reforming" Amtrak.

The hard-working employees of Amtrak have been providing service to rail passengers for more than thirty (30) years. And rail workers and their unions have made countless sacrifices to keep this carrier going and have led the charge on Capitol Hill to increase investment in Amtrak. We are pleased that Amtrak President, David Gunn, has forcefully and persuasively told the truth about Amtrak—that the service is vital and it needs a federal subsidy to continue. Mr. Gunn has also testified in the past that Amtrak's workers' wages are not the problem. Amtrak has been bled almost to the point of extinction by the myth that Amtrak could survive as a for-profit enterprise.

The Administration has proposed a plan that would split-up Amtrak and turn over operations to for-profit operators. This "reform" ignores common sense, history and experience. Amtrak itself was created in 1970 by Congress because private

operators wanted out of this unprofitable business.

The Administration together with the Amtrak Board of Directors have used every argument they can to lay blame on Amtrak and its workers in order to kill Amtrak through “privatization.” The Amtrak Board in its fiscal year 2006 grant request launched an outright assault on employees’ pensions, working conditions and job security. The Board went so far as to propose that Congress take new employees out of a railroad retirement system that is healthy and well-funded. They also asked Congress to amend the Railway Labor Act to allow Amtrak labor contracts to expire so that the Company could impose work rule changes on its employees with no regard for the collective bargaining process. The Board argues that this radical departure from longstanding labor law is necessary to ensure an “equitable legal and regulatory framework for labor among Amtrak and its competitors.” This rationale is completely without merit—every rail carrier is subject to the same rules that Amtrak is seeking to exempt itself from. Providers of other forms of transport that may compete with Amtrak, such as aviation and intercity bus, are subject to labor laws that do not allow the company, never mind Congress, to unilaterally impose new terms and conditions on its workers. In short, Amtrak’s Board is not looking for an even playing field; they want an advantage over their workers that is not enjoyed by others in the industry and

would represent a clear rejection of fair and balanced collective bargaining.

Furthermore, Amtrak's employees, through their unions, have always been able to reach agreements with Amtrak, even though it has been very difficult to negotiate with a company that is chronically short of funds. These agreements have proven beneficial to both Amtrak and the employees. They have provided the labor peace that has allowed Amtrak to provide its primary service without disruption to the traveling public.

The 20,000 dedicated employees who have done everything possible to keep Amtrak going see both the Administration's plan and the Board's proposal as nothing more than a slap in the face. It is insulting to the men and women who help make Amtrak run every day and to the passengers that they serve. Furthermore, an Amtrak liquidation—which would be the result if the Administration's plans were enacted—would have a devastating impact on the railroad retirement system. Thousands of rail workers in the freight and commuter side would see retirement, disability, widow and widower and unemployment benefits threatened and employers would see payroll taxes soar.

It is heartening that the draconian reforms offered by both the Administration and Board have thus far been rejected by Members of Congress on both sides of the aisle. The Amtrak Reauthorization bills approved by this Committee steered clear of this dangerous course. The reauthorization bill introduced in the other body by Senators Lott, Lautenberg, Stevens and others has proposed several changes but again wisely chose to ignore the Board's request for changes in labor law. And as part of the FY 2006 Appropriations bill, the full House voted to dramatically increase funding for Amtrak and removed language that would have curtailed many long distance trains.

We need only look at Great Britain's failed experiment to see what can happen when we allow a public service to be hijacked by private interests. Beginning in 1994 and ending in 1996, British Rail, motivated by the zeal for broad privatization of various public services, was transformed from a publicly run service into a "competitive" railroad market. The story of British Rail underscores the threats of ideologically driven policy experiments such as rail privatization. British passengers were saddled with increased fares, shoddy maintenance practices and dangerous cost cutting including excessive job reductions. This resulted in higher accident rates, deteriorated service and coordination problems within a maze of poorly managed

providers. And the British people were left with an operational meltdown of unprecedented proportions. By 1999, with problems mounting, the British government realized that the privatization experiment was a failure and they returned to a system that looks much like Amtrak, but far better funded. It has been estimated that taking the British Rail system back to public ownership would cost about \$40 billion—this is not a mistake we can afford to make.

Several groups here today have picked up the proposals put forth by the Amtrak Reform Council, the Administration and others who would solve Amtrak's problems by breaking up the system and dividing various responsibilities. ARC's proposal, for example, would slice Amtrak into component operations and then turn to some very complicated contracts to ensure basically the same service that Amtrak provides today. Besides raising transaction costs (a major problem with British Rail) and creating additional layers of bureaucracy, I am not sure what will be accomplished by this or other models following a similar course. Is Amtrak run perfectly today? Of course not. There are areas for improvement and we want to work with the carrier and this Committee on that effort. But how is dividing the franchise into various parts inherently any better than the current framework? Amtrak is drowning under a deficit, struggling to turn around a significant deferred maintenance crisis, paying less than

standard rail industry wages and subject to unpredictable and highly volatile funding sources. These are issues that deserve the immediate attention of this Subcommittee.

Some of the groups appearing here today may make the statement that they have labor's support for them taking over Amtrak's work. While it is true that some unions have met with one or more of these organizations, I am unaware of any rail labor union that has endorsed or has indicated that it is supportive of the idea of removing work from Amtrak and having that work performed by one of these organizations. In addition, those organizations who propose to operate Amtrak trains, outside of the Northeast Corridor, would have to run on tracks owned by the nation's freight railroads. I do not believe for one minute that the freight railroads want another operator running trains on their lines—they know what they have with Amtrak.

I have been asked how I would “reform” Amtrak, and my answer is that I want to see Amtrak service improved. TCU and all of rail labor want to see Amtrak not only succeed, but to also prosper. This would be good for our country and it would be good for our members and their families.

In the face of incredible obstacles Amtrak nevertheless continues to improve. Since 2002 Amtrak total rider ship has increased by 11.6%; the number of intercity trains operated has increased by 21.4%; and the number of trains on the Northeast Corridor has increased by 29.2% while others have increased by 17.3%.

During the past three years, Amtrak has implemented new accounting and financial reporting systems; developed a detailed five-year capital plan focused on restoration of an aging fleet of rolling stock used throughout the system, while containing Amtrak's cash-operating requirement at or below \$570 million.

Capital investment is up substantially. In the past two years, there have been 256,000 concrete ties installed; 104,000 wood ties replaced; 266 miles of rail infrastructure restored; 50 under grade bridges improved; 43 miles of signal and communications cable replaced; 116 miles of catenary hardware installed; and 19 stations and 37 substations improved.

Amtrak's mechanical department has also moved ahead. Since 2002, it has completed at least 180 remanufactures/heavy overhauls, 111 diesel locomotive overhauls, 14 electric locomotive overhauls, 31 equipment overhauls, 51 wreck repairs

and 32 baggage car modifications. And a \$71 million maintenance facility was opened in joint partnership between Amtrak and the State of California.

As can be seen, Amtrak is making progress, even under a starvation budget and without taking Amtrak further into debt. So I say the best way to reform Amtrak is to work with Amtrak.

In conclusion I would say that Amtrak was created because private carriers could not make a profit and there is no reason to believe that the privatization of national rail service today would be any more successful.

Again Mr. Chairman, thank you for allowing the TCU to present our views on the future of Amtrak and inter-city passenger rail service. This issue is critically important to us, not only for the jobs that such a service creates and supports, but because we agree with you and many of your colleagues that national passenger rail service is an integral part of our overall transportation system. I hope we can work together to support an Amtrak system that serves the interests of passengers, communities and workers.

